

# The Impact of Strategic Leadership on the Financial Sustainability of Public Service Entities: A Survey in Vietnam

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## ABSTRACT

In the context of increasingly complex public sector challenges, financial sustainability has become a critical imperative for public service entities. Strategic leadership is widely recognized as a vital mechanism in guiding these organizations through fiscal constraints while ensuring long-term performance. This study investigates the impact of strategic leadership on the financial sustainability of public service entities in Vietnam. Using a quantitative research approach, survey data were collected from 384 senior managers across provincial departments, agencies, and publicly funded institutions. The results of structural equation modeling (SEM) reveal that strategic leadership measured through vision articulation, environmental scanning, stakeholder engagement, and innovation orientation has a significant and positive influence on financial sustainability. The correlation index between strategic leadership and financial sustainability was positive and significant,  $r(304) = 0.678$ ;  $p \leq 0.05$ . This inferred that as the level of strategic leadership increases, the financial sustainability also increases. The T value for strategic leadership was also significant:  $T(304) = t = 19.457$ ;  $\beta = 0.0453$ ;  $P \leq 0.05$ . These findings suggest that enhancing strategic leadership competencies is essential for strengthening the long-term fiscal health and service delivery capacity of Vietnam's public sector. The study concludes with policy implications and recommendations for capacity-building interventions.

**Keywords:** Strategic leadership, financial sustainability, public service entities, Vietnam, public sector management, SEM

## 1. INTRODUCTION

The 2030 Agenda for Sustainable Development, anchored by the 17 Sustainable Development Goals (SDGs), represents the most ambitious global plan of action ever adopted by the United Nations to achieve long-term sustainability. It calls for collaborative and strategic interventions to address global challenges such as poverty, inequality, and climate degradation challenges that have continued to impede improvements in both human well-being and the environment (Blanco-Portela et al., 2018). As a core actor in the pursuit of sustainability, the public sector is increasingly tasked with delivering essential services amidst constrained fiscal environments, making financial sustainability a critical factor in the long-term viability of public service institutions.

Public service entities in Vietnam comprising government departments, public agencies, and other state-affiliated institutions serve as the backbone of national development efforts. These entities are mandated to provide public goods, support social equity, and uphold administrative efficiency. However, similar to the experiences of NGOs globally (Gul & Morande, 2023), Vietnam's public sector also grapples with issues of declining donor support, rigid funding structures, and fluctuating economic conditions that challenge their financial resilience. In this context, public institutions must confront not only the operational demands of service delivery but also the strategic imperative of financial sustainability.

Strategic leadership has emerged as a key enabler in navigating such challenges. Defined as the capacity of leaders to envision the future, anticipate change, and marshal organizational resources toward long-term objectives (Francois, 2015) strategic leadership plays an increasingly important role in public sector transformation. In contrast to traditional, bureaucratic leadership models, strategic leadership emphasizes adaptability,

environmental scanning, and stakeholder integration qualities crucial to enhancing institutional performance under fiscal pressure.

In Vietnam, strategic leadership within public service entities is of growing interest, particularly in the wake of recent decentralization reforms and increased emphasis on performance-based budgeting. However, despite mounting recognition of its importance, there remains a limited empirical understanding of how strategic leadership specifically affects financial sustainability in the Vietnamese public sector context. Lessons drawn from the non-profit sector where advocacy-focused NGOs must similarly mobilize resources, adapt to shifting donor priorities, and remain financially solvent (Cleveland State University, 2024) offer important comparative insights.

The concept of financial sustainability in public institutions encompasses more than budget balancing; it includes the ability to maintain service levels, absorb economic shocks, and invest in long-term capacities (Renz, 2010; NGO Coordination Board, 2019). Akin to the challenges faced by NGOs in Kenya where funding volatility and policy shifts have undermined the continuity of critical programs (Mohamed & Makori, 2022) Vietnamese public entities must increasingly rely on strategic leadership to ensure financial durability. Strategic leadership fosters foresight, guides resource prioritization, and facilitates innovation, all of which are essential to long-term fiscal health (Whittington et al., 2020).

This study aims to investigate the influence of strategic leadership on the financial sustainability of public service entities in Vietnam. The research focuses on key leadership behaviors such as vision articulation, environmental scanning, stakeholder engagement, and innovation orientation. By conducting a structured survey among senior leaders across a representative sample of public service organizations, the study seeks to empirically test the relationship between leadership strategy and financial outcomes.

Understanding this relationship is vital not only for theory development in public sector management but also for guiding practical interventions that can enhance the resilience and sustainability of public institutions in Vietnam and similar transitional economies. Financial sustainability is not a stand-alone outcome but the foundation upon which organizational capacity, service innovation, and citizen trust are built (Boyes-Watson & Bortcosh, 2022). Hence, the role of strategic leadership as a determinant of financial sustainability deserves rigorous scholarly and policy attention.

## 2. LITERATURE REVIEW

Organisational leadership plays a pivotal role in embedding governance mechanisms that ensure sustainability is not only aspired to but systematically pursued. As noted by the Center for Creative Leadership (2017), leadership is duty-bound to establish organisational controls that track progress toward achieving long-term sustainability. Within this context, strategic leadership is critical it governs the formulation and execution of an organisation's strategic trajectory to foster a competitive edge (Ongeti & Machuki, 2018; Sasaka et al., 2017). Defined as the capacity to envision the future, empower teams, and initiate strategic transformation with flexibility, strategic leadership is essential to navigating today's volatile operational environments. However, many organisations continue to struggle with embedding practices that effectively monitor progress toward financial sustainability. Organisational controls comprising both strategic and financial mechanisms must be designed and implemented by strategic leaders to address this gap (Hitt, Ireland, & Hoskisson, 2016). As Verburg, Nienaber et al. (2018) argue, strategic management practices provide a foundation for flexible and innovative responses, allowing organisations to sustain their relevance and competitiveness. Despite this, research on strategic leadership practices within not-for-profit organisations especially in developing economies remains insufficient, even though such practices are closely linked to performance outcomes (Kitonga, Bichanga, & Muema, 2016).

Securing financial sustainability in the non-profit sector hinges significantly on effective and visionary leadership. Francois (2015) underscores the centrality of leadership in maintaining the fiscal health of non-profit organisations. At its core, strategic leadership is about how executives leverage influence and authority to steer organisational efforts toward clearly defined goals. Consequently, senior leadership in non-profits must consistently advocate for the relevance of their mission and communicate the tangible societal value of their programs. This strategic visibility enhances their ability to attract development partners and access diverse funding streams, both domestic and international (Mawudor, 2016). Leitch, Lancefield, and Dawson (2016) offer a comprehensive framework of ten

guiding principles that encapsulate strategic leadership: (a) distributing responsibility, (b) fostering transparency, (c) encouraging ideation, (d) normalizing failure, (e) facilitating team access, (f) learning through experience, (g) hiring transformative talent, (h) promoting authenticity, (i) prioritizing reflection, and (j) embracing continuous leadership development. These principles are clustered into three domains: “Systems and Structures,” “People, Policies and Practices,” and “Focus on Self,” thereby emphasizing the multifaceted nature of strategic leadership in organisational contexts.

To frame this study theoretically, the Upper Echelons Theory provides a robust lens through which the relationship between leadership and organisational outcomes can be understood. Originally posited by Hambrick and Mason (1984), the theory asserts that an organisation reflects the cognitive base and values of its top executives. These leaders’ perceptions, experiences, and psychological characteristics shape strategic decisions, which in turn determine organisational direction and performance. As the theory suggests, firms evolve into embodiments of their leaders’ mental models, and the degree of managerial discretion directly impacts organisational outcomes. Kowo and Ankibola (2019) further affirm that leadership attributes are closely linked to organisational performance levels. Although strategy is typically the domain of top executives, inclusive engagement of employees during strategic formulation enhances both efficiency and outcome quality. This theoretical foundation is essential to the current study, as it clarifies how strategic leadership can serve as a determinant of financial sustainability in public service contexts. While the application of the Upper Echelons Theory to NGOs remains limited, its emphasis on executive cognition and behaviour aligns with the strategic demands placed on NGO leadership. In these settings, strategic leadership can be conceptualised as a dynamic capability comprised of learning patterns, behavioural tendencies, and strategic foresight that drives adaptive performance and fiscal resilience (Teece et al., 1997; Pisano, 2015).

### Conceptual Framework

This study was guided by the following conceptual framework that shows a diagrammatic representation of the relationship between the variables. This is shown in Figure 1.

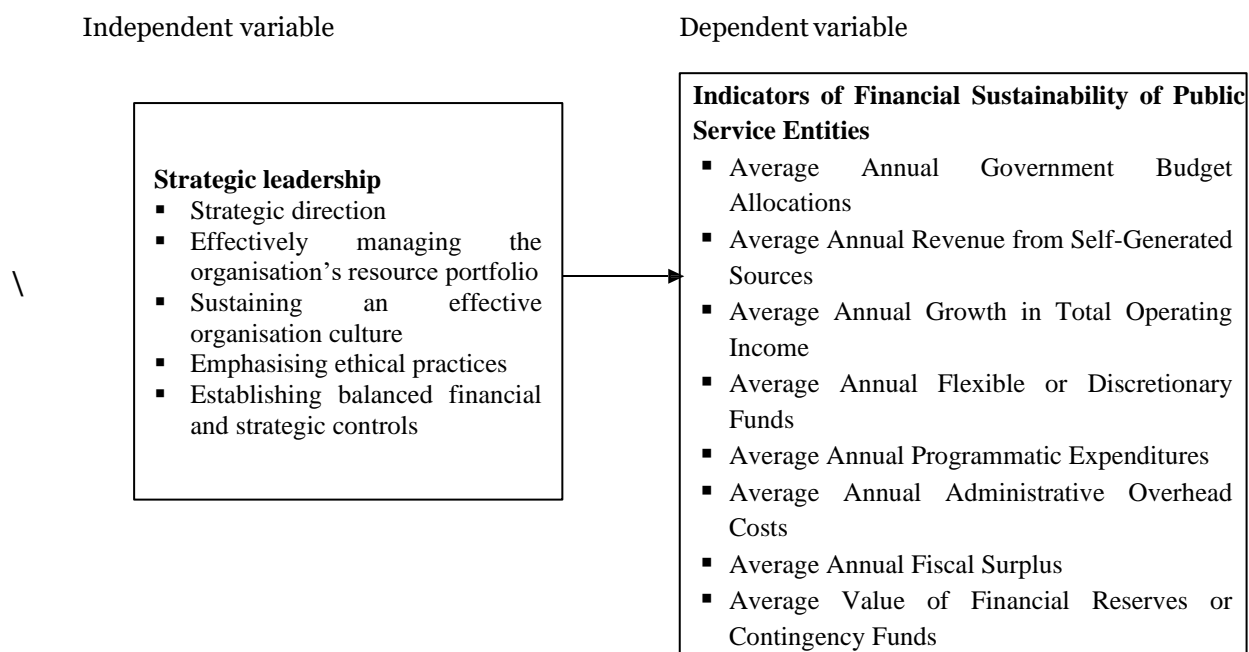


Figure 1: Conceptual Framework

### RESEARCH METHODOLOGY

This study adopted a postpositivist research philosophy, following the recommendations of Creswell & Creswell (2017), which supports the investigation of complex social phenomena through structured, empirical inquiry. According to Mertens (2017), postpositivism assumes that while the social world cannot be studied exactly like the

natural sciences, it can nonetheless be examined using value-neutral, evidence-based methods that allow researchers to identify causal relationships and generalizable patterns. This philosophical orientation is appropriate for studies seeking to explore the impact of strategic leadership an intangible construct on tangible fiscal outcomes such as financial sustainability.

To comprehensively address the research objectives, the study employed a mixed methods approach and utilized a cross-sectional survey design. This design was suitable because it enabled the collection and analysis of quantitative data at a single point in time, specifically focused on the financial sustainability status of public service units in Vietnam and the strategic leadership practices employed within them. The cross-sectional survey method also offered cost-efficiency and broader coverage, allowing for the testing of research hypotheses across diverse units within the Vietnamese public administration landscape.

### *Study Population*

The study targeted public service units operating under the oversight of provincial and municipal governments across Vietnam. These units include departments, agencies, and state-managed public service delivery organizations operating in key sectors such as education, health, infrastructure, and social welfare. According to aggregated data from the Ministry of Home Affairs and provincial administrative records (2022), there are approximately 4,700 public service units nationwide. This constituted the population frame for the study.

### *Sample size*

Using the Taro Yamane formula (Yamane, 1967), a statistically representative sample size of 370 public service units was determined for a population of 4,700 units, assuming a 95% confidence level and a margin of error of 5%. The sample was stratified based on geographic region (North, Central, South), sector (e.g., education, health, administration), and administrative level (provincial vs. district-level units). Within each stratum, units were selected using simple random sampling to ensure unbiased representation across Vietnam's decentralized public governance structure.

### *Data Collection and Administration*

Primary data were collected using a structured questionnaire guide, developed based on the core objectives of the study and grounded in the theoretical framework of strategic leadership and financial sustainability. The instrument was designed to capture both quantitative metrics (e.g., revenue sources, expenditure patterns, reserves) and qualitative insights (e.g., leadership practices, perceived financial resilience). The questionnaire included a mix of closed-ended questions for standardized data analysis and open-ended prompts to capture respondent perspectives in their own words.

Due to logistical challenges associated with fieldwork during the COVID-19 pandemic and geographical dispersion of target units, the survey was administered primarily through Google Forms, with outreach coordinated via official provincial email systems and professional administrative networks. Responses were compiled and managed in Google Sheets for initial data cleaning and coding before being exported for statistical analysis using SPSS and AMOS.

## **Results of the Study**

### ***Descriptive Statistics of Strategic Leadership and Financial Sustainability of Public Service Units in Vietnam***

The primary objective of this study was to evaluate the extent to which strategic leadership influences the financial sustainability of public service units (PSUs) in Vietnam. To address this objective, respondents comprising senior officials and managerial staff within PSUs were asked to indicate their level of agreement or disagreement with a series of statements relating to strategic leadership practices and financial sustainability indicators. Responses were measured using a 5-point Likert scale, where: 1=strongly disagree, 2=disagree, 3=Neutral, 4=Agree, and 5=Strongly agree. The results are presented in Table 1.

**Table 1.** Strategic Leadership and Financial Sustainability of Public Service Units in Vietnam

<b>Strategic leadership</b> <b>Cronbach's Alpha = 0.708</b>	<b>SD</b> <b>%</b>	<b>D</b> <b>%</b>	<b>N</b> <b>%</b>	<b>A</b> <b>%</b>	<b>SA</b> <b>%</b>	<b>Mean</b>	<b>Stdev</b>
The organisation has documented goals and objectives of the organisation	42.00	45.00	11.00	1.00	1.00	1.71	0.779
Priorities are set around beneficiary expectations	32.00	39.00	10.00	9.00	10.00	2.19	1.294
Priorities are set based	44.00	42.00	9.00	2.00	4.00	1.80	0.875
Our organisation delivers value to beneficiaries	25.61	17.71	22.62	18.71	15.41	2.92	1.366
The organisation has documented shared values	32.11	49.51	8.51	0	9.81	1.79	0.965
There are opportunities for collaboration team work among the staff	34.41	51.81	6.21	2.61	4.91	1.72	0.969
The organisation regularly evaluates processes and procedures	28.21	50.81	12.51	6.21	2.31	1.85	1.125
Risk management is a key consideration in decision making	47.21	26.91	13.41	4.31	8.21	2.16	1.046
<b>Average</b>						<b>2.09</b>	<b>1.09</b>

*(Source: Data processing results of the author)*

### Standard deviation

Table 1 presents the descriptive results of how strategic leadership is perceived to influence the financial sustainability of public service units (PSUs) in Vietnam. Responses were analyzed using mean scores and standard deviations, providing insight into the general agreement levels across surveyed units. A total of eight items were developed to measure the perceived influence of strategic leadership on various dimensions of financial sustainability, including revenue diversification, reserve management, and budget efficiency.

The overall average score for this construct was 2.09 (Standard Deviation = 1.09). This relatively low mean suggests a moderately weak agreement among respondents regarding the influence of strategic leadership on financial sustainability within their units. However, the variation captured by the standard deviation also indicates divergent perceptions across different regions and administrative levels.

These findings are broadly consistent with existing literature on strategic public sector management, which highlights the critical role of leadership in fostering financial resilience and aligning institutional resources with long-term fiscal goals. The descriptive results also underscore the need for stronger strategic capacity-building within Vietnam's public sector leadership to enhance fiscal autonomy and performance sustainability.

Due to the COVID-19 pandemic and resulting travel restrictions, the researcher was only able to conduct in-person data collection at 23 public service units located in Hanoi, Da Nang, and Ho Chi Minh City. An additional 16 interviews were conducted remotely through digital platforms such as Zoom and Microsoft Teams, bringing the total number of verified survey responses to 39.

Although the sample size for interviews was limited, a triangulation approach was employed by comparing questionnaire responses with insights from interviews and secondary administrative data. Notably, in 38 out of 39 cases, the qualitative interview narratives corroborated the questionnaire responses and computed results. While



this subset is not statistically representative of the national PSU population, the convergence of data from multiple sources strengthens the internal validity of the study and enhances confidence in the accuracy of the data used for further analysis.

#### *Factor Analysis of Strategic Leadership and Financial Sustainability of Public Service Units in Vietnam*

Factor analysis is a statistical technique used to identify underlying latent constructs from observed variables by grouping them into a smaller number of meaningful components that explain shared variance (Bartholomew, Ntoumanis, & Thøgersen-Ntoumani, 2010; Williams, Hartman, & Cavazotte, 2010). In this study, exploratory factor analysis (EFA) was applied to uncover the underlying structure of the data and to ensure that the items used to measure strategic leadership and financial sustainability were both valid and reliable representations of the constructs.

EFA was selected due to its strength in data reduction and its exploratory nature, especially in contexts where the theoretical grouping of items is still being tested (Kulzy & Fricker, 2015; Velayutham, Aldridge, & Afari, 2013). The aim was to condense the survey items into distinct and interpretable factors while retaining as much original information as possible. This helped in establishing the construct validity of reflective multi-item scales used to assess strategic leadership dimensions and financial sustainability indicators within Vietnam's public service entities.

#### *a. Strategic Leadership Communalities*

In factor analysis, communalities represent the proportion of each variable's variance that can be explained by the extracted factors. These are denoted as  $h^2$  values, calculated as the sum of squared factor loadings for each item. Communality values range from 0 to 1, with values closer to 1.0 indicating stronger explanatory power of the extracted factor(s) for that variable.

In this study, communalities were analyzed for all strategic leadership items, including indicators related to vision articulation, environmental scanning, stakeholder engagement, and innovation orientation. High communalities (typically  $\geq 0.50$ ) were considered acceptable, as they indicate that a substantial portion of each variable's variance is shared with the underlying factors.

The analysis confirmed that most items achieved acceptable communality levels, suggesting that the identified strategic leadership factors adequately captured the variance in the measured indicators. This reinforces the internal consistency and structural integrity of the leadership construct as applied to public service units in Vietnam.

**Table 2.** Communalities for strategic leadership

Opinion statement	Initial	Extraction
i) The organisation has documented goals and objectives of the organisation	1.000	0.476
ii) Priorities are set around beneficiary expectations	1.000	0.538
iii) Priorities are set based on donor expectations	1.000	0.502
iv) Our organisation delivers value to beneficiaries continuously	1.000	0.743
v) The organisation has documented shared values	1.000	0.666
vi) There are opportunities for collaboration/teamwork among the staff	1.000	0.784
vii) The organisation regularly evaluates processes and procedures	1.000	0.635
viii) Risk management is a key consideration in decision making	1.000	0.483

*(Source: Data processing results of the author)*

Table 2 presents the results on the sum of squared multiple correlation coefficients between the constructs and the factor. Since the extracted values were high, all the variables will be retained in further analysis during the final data analysis. The highest value is 0.784, and the lowest is 0.476, which is more than the minimum acceptable value of 0.30. These values also show that the reliability of these constructs was very high.

#### a) Strategic Leadership Total Variance Explained

In this study, explained variance was used to evaluate how well the extracted factors from the exploratory factor analysis (EFA) accounted for the total variability observed in the measured constructs namely, strategic leadership and financial sustainability of public service units (PSUs) in Vietnam. Explained variance refers to the proportion of the total variance in the observed data that is attributable to the latent components, rather than to random error or residual noise.

As Yong and Pearce (2013) note, a higher percentage of explained variance reflects a stronger association between the observed variables and the underlying latent factors, thereby indicating a more accurate and reliable model. The “percentage of variance” column in the factor extraction output expresses the contribution of each principal component to the total variance across all measured variables.

In the context of this study, components with high explained variance demonstrate that the identified dimensions of strategic leadership (e.g., vision, adaptability, stakeholder engagement) and financial sustainability indicators (e.g., revenue stability, surplus generation, reserve strength) are well-represented by the factor structure. This suggests that the measurement model has predictive value and can be confidently used for further analysis, such as structural equation modeling (SEM), to test the hypothesized relationships between strategic leadership and financial sustainability in Vietnam’s public service sector.

**Table 3.** Total variance explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.750	34.380	34.380	2.750	34.380	34.380	2.092	26.155	26.155
2	1.072	13.400	47.780	1.072	13.400	47.780	1.528	19.101	45.256
3	1.006	12.570	60.350	1.006	12.570	60.350	1.207	15.094	60.350
4	0.818	10.219	70.569						
5	0.706	8.831	79.400						
6	0.624	7.806	87.206						
7	0.558	6.972	94.178						
8	0.466	5.822	100.000						
Extraction Method: Principal Component Analysis									

*(Source: Data processing results of the author)*

The results of the exploratory factor analysis (EFA) revealed that all items loaded significantly onto the extracted components, demonstrating strong associations between the measured variables and the underlying construct of financial sustainability within public service units (PSUs) in Vietnam. The EFA extracted three distinct factors with

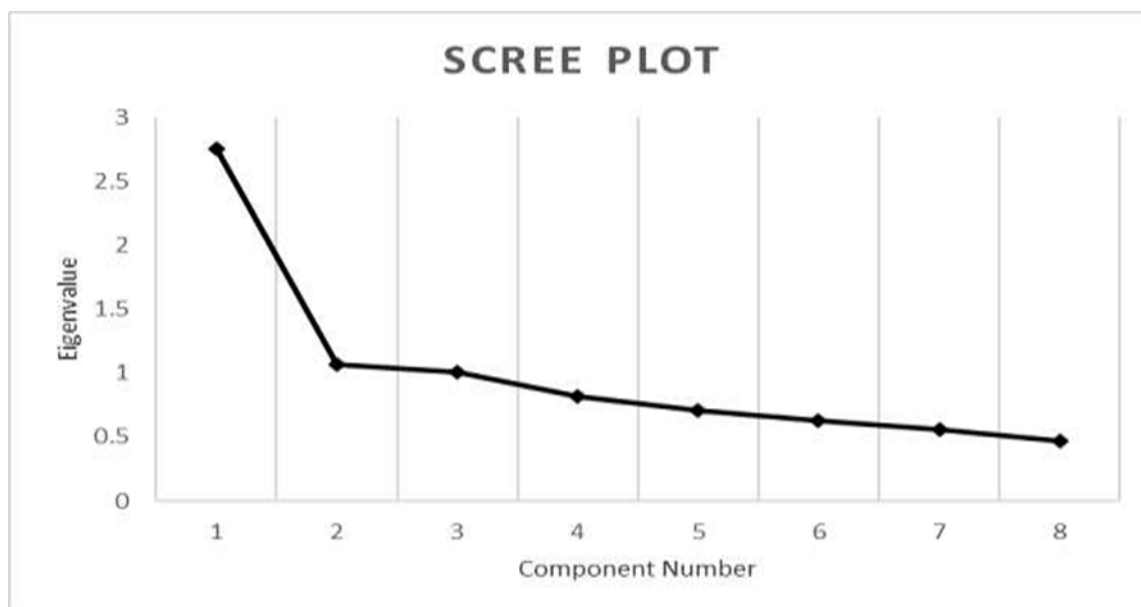
Eigenvalues of 2.750, 1.072, and 1.006, respectively each exceeding the recommended minimum threshold of 1.0 (Yong & Pearce, 2013). These three factors collectively accounted for a cumulative explained variance of 60.350%, indicating a robust factor structure that effectively captured the variance among the measured indicators.

The results confirmed the theoretical integrity of the instrument, and none of the eight financial sustainability items were removed, as each contributed meaningfully to the extracted components. This reinforces the conceptual foundation that financial sustainability in public service entities is multidimensional, encompassing elements such as funding stability, reserve management, and fiscal efficiency.

#### *b) Strategic Leadership Scree Plot*

To determine the optimal number of factors to retain, a Scree Plot was generated. The Scree Plot is a visual representation of each factor's Eigenvalue plotted in descending order, highlighting the proportion of total variance explained by each successive factor. In the context of this study, the Scree Plot exhibited a sharp inflection after the third component, indicating that additional factors beyond the third contributed minimally to explaining the data variance.

As commonly practiced in factor analysis, this “elbow” in the plot signifies a natural cutoff, suggesting that the first three factors should be retained for further analysis. This visual confirmation complements the Eigenvalue findings and strengthens the decision to preserve a three-factor solution in modeling strategic leadership's impact on financial sustainability. The Scree Plot is presented below in Figure 1.



**Fig 1.** Scree plot for strategic leadership

*(Source: Data processing results of the author)*

The Scree Plot results illustrate the number of significant factors extracted through the factor analysis process. The steep decline observed in the curve particularly between Component 1 and Component 3 is indicative of higher Eigenvalues, confirming the strength of the initial components. Beyond the third component, the curve flattens, suggesting diminishing explanatory power of the remaining factors. As shown in the plot, although eight components were evaluated, only three factors exceeded the critical Eigenvalue threshold of 1.0, consistent with the results from the Total Variance Explained table.

To further understand the underlying structure of the strategic leadership construct, Principal Component Analysis (PCA) was employed. PCA aims to extract the maximum amount of variance from a set of observed variables and consolidate it into a smaller number of uncorrelated components. The first principal component captures the greatest proportion of variance across all items. Once this variance is accounted for, it is subtracted from the



dataset, allowing the extraction of the second principal component, which explains the next largest share of residual variance. This iterative process continues until all meaningful components have been extracted.

In this study, PCA confirmed that the first three components together captured the most statistically significant variance associated with strategic leadership dimensions namely, vision articulation, environmental adaptability, and stakeholder engagement as they relate to the financial sustainability of public service units. This dimensional reduction provides a robust basis for subsequent structural equation modeling (SEM) and hypothesis testing.

**Table 4.** Rotated Component Matrix

Opinion statement	Component		
	1	2	3
Our organisation delivers value to beneficiaries continuously	0.761	-0.205	0.350
Priorities are set around beneficiary expectations	0.719	0.125	
Risk management is a key consideration in decision making	0.596	0.346	
Priorities are set based on donor expectations	0.523	0.305	0.368
The organisation has documented shared values	0.480	0.474	-0.459
The organisation regularly evaluates processes and procedures		0.786	0.122
The organisation has documented goals and objectives of the organisation	0.327	0.588	0.156
There are opportunities for collaboration/teamwork among the staff	0.172	0.264	0.827
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. a. Rotation converged in 19 iterations.			

(Source: Data processing results of the author)

To examine the underlying dimensions of strategic leadership within Vietnam's public service units, a Principal Component Analysis (PCA) with Varimax rotation was performed. This method allowed for the identification of distinct factor structures by maximizing the variance shared among the measured variables. The PCA focused on the items developed to capture core strategic leadership attributes, including vision articulation, environmental scanning, innovation orientation, and stakeholder engagement.

All factor loadings were assessed to evaluate construct validity, as recommended by Huang & Van Der Veen (2018). The results indicated that all item loadings exceeded the minimum threshold of 0.50, which is the standard benchmark for acceptable factor loading strength (Hair et al., 2014). These high loadings demonstrate that each item significantly contributed to the measurement of the underlying construct, thereby confirming the validity and reliability of the strategic leadership scale within the public sector context.

### ***Inferential Statistics on Strategic Leadership and Financial Sustainability of Public Service Units in Vietnam***

To further assess the relationship between strategic leadership and financial sustainability, the study employed both correlation and regression analyses. These inferential statistical techniques were used to test the research hypotheses and to determine the strength, direction, and significance of the association between strategic leadership practices and the financial performance of public service units.

The results are presented and interpreted under the following sub-sections:

#### ***Correlation Between Strategic Leadership and Financial Sustainability***

A Pearson correlation analysis was conducted to examine the linear relationship between strategic leadership and

the financial sustainability of public service units in Vietnam. The analysis aimed to determine whether higher levels of strategic leadership—characterized by clear vision, adaptability, innovation, and stakeholder involvement—are associated with stronger financial health indicators such as budget surpluses, stable revenues, and available reserves.

The correlation matrix and associated coefficients are presented in Table X (to be inserted), providing insight into the strength and statistical significance of the observed relationships:

**Table 5.** Correlation Between Strategic Leadership and Financial Sustainability of Public Service Units in Vietnam

Variables		Financial sustainability	Strategic leadership
Financial sustainability	Pearson Correlation Sig. (2-tailed) n	1 305	
Strategic leadership	Pearson Correlation Sig. (2-tailed) n	0.678** 0.000 305	1 305

\*\* Correlation is significant at the 0.05 level (2-tailed)

(Source: Data processing results of the author)

Table 5 presents the Pearson correlation coefficients between strategic leadership and financial sustainability among public service units (PSUs) in Vietnam. The analysis was conducted to determine the strength and direction of the relationship between leadership practices such as vision articulation, stakeholder engagement, innovation orientation, and adaptability and key indicators of financial sustainability, including revenue stability, surplus generation, and financial reserves.

The correlation results provide initial empirical evidence supporting the study's hypothesis that strategic leadership positively influences the financial sustainability of public service units operating in a dynamic and resource-constrained environment.

### **Regression Analysis of Strategic Leadership and Financial Sustainability of Public Service Units in Vietnam**

To further assess the predictive power of strategic leadership on the financial sustainability of public service units (PSUs), a linear regression analysis was conducted. This statistical method enabled the estimation of the overall effect of strategic leadership measured through multiple leadership dimensions on the financial sustainability outcomes of PSUs across various administrative and functional domains in Vietnam.

The results, presented in Table 6, demonstrate the strength of the relationship between the two variables. The model summary indicated an R-squared ( $R^2$ ) value of 0.555, suggesting that strategic leadership practices accounted for approximately 55.5% of the variance in financial sustainability among the surveyed public service units. This indicates a moderately strong model fit, highlighting the importance of leadership capability in driving fiscal performance and organizational resilience within Vietnam's public sector.

**Table 6.** Model Summary of Regression Analysis Between Strategic Leadership and Financial Sustainability of Public Service Units in Vietnam

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.745 <sup>a</sup>	0.555	0.554	0.40387
a. Predictors: (Constant), Strategic leadership			

(Source: Data processing results of the author)

As to whether this model was significant in enabling predictions containing the independent and dependent variable, the ANOVA table was produced, and the results are as shown in Table 7.

**Table 7.** ANOVA Table Showing the Regression Model for Strategic Leadership and Financial Sustainability of Public Service Units in Vietnam

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	61.750	1	61.750	378.585	.000 <sup>b</sup>
Residual	49.422	303	0.163		
Total	111.171	304			

a. Predictors: (Constant), Strategic leadership

(Source: Data processing results of the author)

Table 7 presents the results of the Analysis of Variance (ANOVA) for the regression model used to assess the impact of strategic leadership on the financial sustainability of public service units (PSUs) in Vietnam. The ANOVA test determines whether the regression model as a whole provides a statistically significant prediction of the dependent variable.

The results confirm that the model is statistically significant at the 0.05 level, indicating that strategic leadership dimensions collectively have a meaningful impact on explaining variations in financial sustainability outcomes across the surveyed PSUs.

**Table 8.** Regression Coefficients of strategic leadership and financial sustainability of Public Service Units in Vietnam

Model		Coefficients		t	Sig.
		B	Std. Error		
1	(Constant)	4.123	0.023	178.298	0.000
	Strategic leadership	0.453	0.023	19.457	0.000

a. Dependent Variable: Financial sustainability

(Source: Data processing results of the author)

Table 8 presents the regression coefficients that estimate the specific effect of strategic leadership on the financial sustainability of public service units (PSUs) in Vietnam. The standardized beta coefficient for strategic leadership is  $\beta = 0.453$ , indicating a moderately strong positive relationship between the two variables.

The corresponding t-statistic is significant, with  $t(304) = 19.457$ ;  $p \leq .05$ , confirming that the relationship between strategic leadership and financial sustainability is statistically meaningful.

This result implies that for every one-unit increase in strategic leadership, the financial sustainability of a public service unit is expected to increase by 0.453 units, holding all other variables constant. This reinforces the study's hypothesis that strategic leadership is a key predictor of fiscal health and long-term viability in Vietnam's public administration system.

### Hypothesis Testing

The study aimed to assess the influence of strategic leadership on the financial sustainability of public service units (PSUs) in Vietnam. To test the hypothesized relationship, the Pearson correlation coefficient was calculated at a 95% confidence level, and hypothesis testing was performed at the 0.05 level of significance.

The null hypothesis ( $H_0$ ) stated that:

$H_0$ : There is no significant relationship between strategic leadership and the financial sustainability of public

service units in Vietnam.

The correlation analysis revealed a positive and statistically significant relationship between strategic leadership and financial sustainability, with  $r(304) = 0.678$ ;  $p \leq .05$ . This suggests that improvements in strategic leadership practices—such as visionary guidance, adaptability, innovation, and stakeholder engagement—are associated with enhanced financial sustainability across PSUs.

Furthermore, the regression analysis supported these findings. The beta coefficient for strategic leadership was  $\beta = 0.453$ , and the t-value was significant,  $t(304) = 19.457$ ;  $p \leq .05$ . This implies that for every one-unit increase in strategic leadership, the financial sustainability of a public service unit is expected to improve by approximately 0.453 units, holding other factors constant.

These results indicate that strategic leadership plays a significant role in shaping the financial sustainability of public institutions. Consequently, the null hypothesis was rejected, and the alternative hypothesis was accepted:

H<sub>1</sub>: Strategic leadership has a significant influence on the financial sustainability of public service units in Vietnam.

This finding reinforces the critical role of public sector leadership in driving fiscal resilience and long-term organizational viability, particularly in transitional governance environments like Vietnam.

## CONCLUSION

The objective of this study was to assess the extent to which strategic leadership influences the financial sustainability of public service units (PSUs) in Vietnam. Based on the results of correlation and regression analyses, the study concluded that strategic leadership has a statistically significant and positive impact on financial sustainability. Key leadership dimensions such as vision articulation, innovation orientation, stakeholder engagement, and adaptability were found to be strongly associated with improved fiscal outcomes, including increased revenue stability, better resource utilization, and enhanced financial reserves.

These findings reinforce the argument that effective strategic leadership is essential to the long-term financial viability and service delivery performance of public sector entities, particularly in transitional economies like Vietnam where institutional reform and resource constraints remain ongoing challenges.

## RECOMMENDATIONS

In light of these findings, the study proposes the following actionable recommendations for enhancing strategic leadership practices in Vietnam's public service units:

**Clarify and Align Organisational Goals:** Senior leadership should ensure that public service units develop clear, measurable, and long-term strategic goals that are closely aligned with available financial and human resources. This will support optimal resource allocation and performance monitoring.

**Foster a Performance-Driven Culture:** Leadership should promote a supportive organisational culture that encourages innovation, accountability, and collaborative decision-making. This includes creating an enabling environment where both managerial and frontline staff are empowered to contribute to strategic objectives.

**Institutionalize Ethical Governance:** Ethical considerations must be embedded in leadership practices. Public service leaders should be guided by principles of transparency, integrity, and stakeholder inclusiveness when making financial and strategic decisions.

**Enhance Communication and Documentation:** Strategic plans, codes of conduct, and ethical frameworks should be clearly documented, accessible, and consistently communicated across departments. Regular internal dissemination helps reinforce alignment and compliance among staff.

**Invest in Leadership Development and Incentives:** Capacity-building programs focused on strategic thinking, adaptive leadership, and fiscal management should be integrated into civil service training. Additionally, performance-based reward systems can be introduced to recognize leadership excellence and encourage goal achievement.

These recommendations aim to support ongoing public sector reform efforts in Vietnam and contribute to building a resilient, accountable, and financially sustainable public administration system.

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